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C O N F I D E N T I A L SECTION 01 OF 02 DAMASCUS 000653

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SUBJECT: IMPACT OF SARG CLOSING OF THREE OF FOUR BORDER  
CROSSINGS WITH LEBANON

REF: DAMASCUS 0484

Classified By: Charge d'Affaires Michael Corbin, reasons 1.4 b/d

11. (C) SUMMARY: SARG officials and Syrian media have characterized the recent closing of three of the four land border crossings with Lebanon as a security precaution in the wake of the fighting in the Nahr al-Barid camp in Lebanon. For now they are publicly denying they will close the fourth and final border crossing at Al-Masna'/Jdeideh. Commercial traffic through the Jdeideh crossing appears to be flowing in both directions, but excess demand from trucks that normally transit the other three border crossings is creating delays. Syrian businessmen express concern about instability in Lebanon but downplay any significant negative economic impact for Syria as a result of the recent border closings. Syrians say, however, that increasing apprehension of Lebanese hostility towards Syrians is encouraging them to delay travel into Lebanon for vacation, shopping, or business interests. End Summary.

12. (C) SARG CLOSES THREE OF FOUR OFFICIAL BORDER CROSSINGS WITH LEBANON: There are four official land border crossings between Syria and Lebanon. On May 20 the Syrian Ministry of the Interior announced that it was temporarily closing the two northern border crossings with Lebanon, al-Aridha and al-Dabbousiyah, until the situation in Northern Lebanon became secure (reftel). On June 21, the Ministry of the Interior subsequently announced it would close a third Lebanese border crossing at Al-Jusah-al-Qa. The SARG continues to assert that security concerns are the reason for the border closings and deny rumors that they will close the remaining border crossing of al-Masna'/Jdeideh to squeeze the Lebanese economy. Nevertheless, Vice-President Farouk al-Shar'a's comments at a June 22 press conference, repeating these denials, also conveyed an undertone of political threat when he said "Syria cannot resort to completely closing the borders unless it became impossible to improve Syrian-Lebanese relations."

13. (C) BACKLOG OF COMMERCIAL TRUCKS AT THE JDEIDEH BORDER CROSSING: On June 27 Econoff traveled mid-morning to the Syrian-Lebanese border at Jdeideh and observed a backlog of more than 250 trucks headed for Lebanon on the Syrian side of the border. Half of the trucks had Syrian license plates, with others from Lebanon, Turkey, Jordan, and multiple Gulf countries. We also understand that there is a significant backlog on the Lebanese side of the border. The Jdeideh border crossing did not appear to be adopting measures to assist movement of commercial trucks to reduce the excess demand generated from the closed border crossings. Contacts also report that

Syrian customs agents ) unlike during border closures in previous years - are not being moved from other border crossings to increase the truck volume handled at Jdeideh. Contacts report that the regular twice-daily escort by Syrian customs officials of trucks transiting from Lebanon through Syria for third countries continue to occur.

¶4. (C) Several truck drivers waiting on the Syrian side of the border ) from Lebanon, UAE, and Syria ) separately told Econoff that the backlog was abnormal, but that truck traffic was moving, and that they hoped the delay would diminish in a week's time once new procedures were in place. They added that they were not overly concerned about the closures because in their assessment the delay was minimal compared to border closings in previous years.

¶5. (C) ECONOMIC IMPLICATIONS OF BORDER CLOSINGS: Syrian businessmen downplay significant economic impact for Syria from the closed border crossings, but acknowledge there are some negative implications - albeit much less than for Lebanon. Contacts assert that the trucking delays will likely increase prices for some commodities such as cement and add to the rising rate of inflation in Syria (Note: Independent sources estimate inflation is around 20 percent when factoring in real estate prices). Contacts also point to the central role Syria plays in the transit trade from Lebanon to other countries, acknowledging that the delays will lead to a loss in transit fees at the closed border crossings - especially as SARG customs is not increasing its capacity to handle truck traffic at Jdeideh.

¶6. (C) Contacts estimate that the black market trade between Syria and Lebanon will also be hampered by the border closings. Certainly much of the black market trade occurs

DAMASCUS 00000653 002 OF 002

illegally at unofficial crossings along the Syrian-Lebanese border, but some does come through the official checkpoints. Hence the closures will further exacerbate price increases in Syria. SARG figures place Syria's 2006 exports to Lebanon at only USD \$379 million or just 4 percent of Syria's total exports (USD \$10.1 billion) and Syria's 2006 imports from Lebanon at only USD \$176 million of just 1.7 percent of Syria's total imports (USD \$10.6 billion), but contacts estimate that the black market trade - including diesel, cigarettes, and cement ) far exceeds the formal numbers.

¶7. (C) SYRIANS HESITANT TO TRAVEL TO LEBANON: Notably, compared to the heavy truck traffic at Jdeideh, Econoff observed that there were relatively few passenger vehicles, either coming from or going to Lebanon. The cars that were passing in either direction predominantly carried Lebanese license plates. This is consistent with assertions from business contacts that most Syrians are indefinitely delaying travel to Lebanon ) even though this may undermine business interests that many of them have there. Marwan Al-Kadri, the exclusive agent for Kickers, Gap, and Banana Republic-brand clothing, echoed others when he told Econoff that more than ever before Syrians are concerned about traveling to Lebanon, believing they could be targeted by anti-Syrian Lebanese groups ) especially in the event of another bombing such as the one that killed Lebanese parliamentarian Walid Eido. There are also rumors among business contacts that Syrian workers in Lebanon are beginning to return to Syria both because of a lack of work and their own security concerns. Overall, these concerns appear to be manifesting themselves in other ways, with some Lebanese businessmen in Syria reporting that they are not as warmly welcomed in Syria as before, and some Syrian businessmen voicing frustration with the regional political instability and claiming satisfaction with the border closings if it means Syria can distance itself from the problems in Lebanon.

¶8. (C) COMMENT: Since the 2005 withdrawal of Syrian troops from Lebanon, Syrians have generally become less reliant on its neighbor as a shopping or vacation destination -

reinforced by recent Syrian trade liberalizations that make it easier for Syrians to import luxury goods directly. The current instability next door appears to continue that trend.

Overall, the border closings appear to have a far greater economic impact on Lebanon than Syria. Separately, while the SARG publicly claims that instability in Lebanon prompted the closure of the three crossings north of Damascus, Shar'a's June 22 remarks hint at possible political motivations for the closures and at the possibility that Syria could completely close the border. To avoid the quantum leap in negative publicity and a backlash in criticism such a move could certainly entail, the SARG may conduct themselves for now with the lower-level pressure on Lebanon that the three border closures allow.

CORBIN